

Recommendations. Appendix C contains a summary of the findings and recommendations by C³E based upon its research and analysis of the State's economic development incentive programs. The summary may also be accessed on the Committee's website.

In addition to the research conducted by C³E, the Joint Select Committee on Economic Development Incentives instructed the Fiscal Research Division of the North Carolina General Assembly to compile a report that lists and quantifies all economic development incentives offered by the State. This research resulted in the *Economic Development Inventory* (EDI). A copy of the EDI may be found on the Fiscal Research Division's website, <http://www.ncleg.net/FiscalResearch/> and on the Committee's website as one of the materials distributed at its January 22, 2008, meeting.

The EDI estimates the level of State spending identified as directly related to an economic development purpose at \$1.29 billion for fiscal year 2006-2007. The EDI covers three spending areas: tax incentives, General Fund appropriations, and Transportation:

- Tax incentives accounted for more than \$1.1 billion, or 90%, of the economic development spending in fiscal year 2006-2007. Although the Bill Lee Act tax credits, today known as the Article 3J tax credits, are the most commonly recognized economic development tax incentives in the State, the majority of the expenditures in the tax incentive category are attributable to tax relief efforts outside the Bill Lee Act credits. The largest category of other tax incentives identified as having an economic development purpose are exemptions from and reductions to a business' sales and use tax liability.
- General Fund appropriations accounted for \$117.5 million of State spending on economic development in fiscal year 2006-2007.
 - The Department of Commerce is the primary State agency for economic development in the State and the largest recipient of this State spending. A portion of the funds appropriated to Commerce for economic development are used to fund direct incentive programs administered by it. The largest of these direct incentive programs are the Job Development Investment Grant Program and the One North Carolina Fund. The funding appropriated to Commerce also provides State aid to non-State entities that have an economic development purpose, including the N.C. Rural Economic Development Center, the N.C. Biotechnology Center, and the Regional Economic Development Commissions. Golden LEAF Foundation is another nonprofit entity whose mission includes job training and infrastructure for economic development purposes. Golden LEAF Foundation was created as part of the Master Settlement Agreement and it receives its funding from payments made by cigarette manufacturers under that Agreement. The Master Settlement Agreement resulted from a lawsuit brought by states against cigarette manufacturers. The EDI does not include funding for this nonprofit because the General Assembly allows the funding to flow directly to the nonprofit rather than to the General Assembly for appropriation to the nonprofit.